

FINAL

Five-Year Implementation Plan FY 2009/10–FY 2013/14

Prepared for:

Los Gatos Redevelopment Agency

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Five-Year Implementation Plan FY 2009/10–FY 2013/14

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I. Introduction

This document is the Five-Year Implementation Plan for the Central Los Gatos Redevelopment Project Area (Project Area) administered by the Los Gatos Redevelopment Agency (Agency). The California Community Redevelopment Law (CRL) requires each redevelopment agency administering a redevelopment plan to prepare and adopt a Five-Year Implementation Plan. A public hearing must be held on the Implementation Plan prior to its adoption by the Agency. In addition, the CRL requires an agency to hold, between two and three years after the plan's adoption, a public hearing to review the Implementation Plan and evaluate the agency's progress.

The principal goal of this document is to guide the Agency in implementing its redevelopment programs over the next five years while providing flexibility so it may adjust to changing circumstances and new opportunities. This document outlines the proposed program for revitalization, economic development and affordable housing activities of the Agency for the five-year Implementation Plan period, FY 2009/10 through FY 2013/14. It includes goals, activities, estimates of revenues and expenditures, and a description of how the activities will alleviate blight and meet affordable housing requirements.

A. Organization

Generally, the Implementation Plan must contain the following information:

1. Goals and objectives for the next five years for both the housing and non-housing activities.
2. Programs and expenditures for the next five years for both housing and non-housing activities.
3. An explanation of how the goals, objectives, programs, and expenditures will assist in the elimination of blight and in meeting affordable housing obligations.
4. Other information related to the provision of affordable housing.

Chapter I provides an overview of the CRL requirements, a description of the Project Area and a summary of Agency accomplishments to date. Chapter II includes five-year goals and objectives for the Project Area, the activities and related revenues and expenditures for the next five years, and a description of the blighting conditions and how they will be alleviated by the activities. Chapter III, the Housing Component, addresses affordable housing activities and expenditures and charts the Agency's progress in meeting its affordable housing obligations. Chapter III also includes the Affordable Housing Production Plan and a description of actions the Agency will undertake to fulfill its affordable housing obligations.

B. Description of the Redevelopment Plan and Project Area

The Central Los Gatos Redevelopment Plan (Redevelopment Plan) was adopted by the Los Gatos Town Council by Ordinance 1882 in November 1991. The Central Los Gatos Redevelopment Project Area consists of 441 acres including the Central Business District, the Civic Center and the Historic Downtown residential neighborhoods. Figure I-1 shows the Project Area.

The purpose of establishing the Redevelopment Plan was to provide a financing tool to assist the Town and its residents in repairing damage from the Loma Prieta earthquake and completing

seismic strengthening and safety programs to ensure the public's safety and welfare. The Redevelopment Project was also intended to be a financing mechanism to assist in alleviating blighting conditions, revitalizing the downtown commercial area and reconstructing deteriorated infrastructure. All rehabilitation and development activities outlined in the Redevelopment Plan must conform to the Town's existing and future planning programs, including the General Plan.

The Redevelopment Plan identified the following general categories of public infrastructure, commercial rehabilitation and housing improvement projects to be funded by the Agency:

- Street reconstruction
- Alley improvements
- Improvements to the Downtown
 - Streetscape improvements
 - Loans for seismic strengthening
 - Loans/assistance for geologic investigations and structural analysis
 - Façade improvements
 - Parking facilities
 - Hazardous waste removal
- Improvements to community facilities (including library and police facilities)
 - Structural analysis
 - Seismic strengthening and repair
- Public transit facilities
- Assistance to increase and improve the supply of low and moderate income housing

Table I-1 provides a summary of the time and fiscal limits of the Redevelopment Plan for the Project Area.

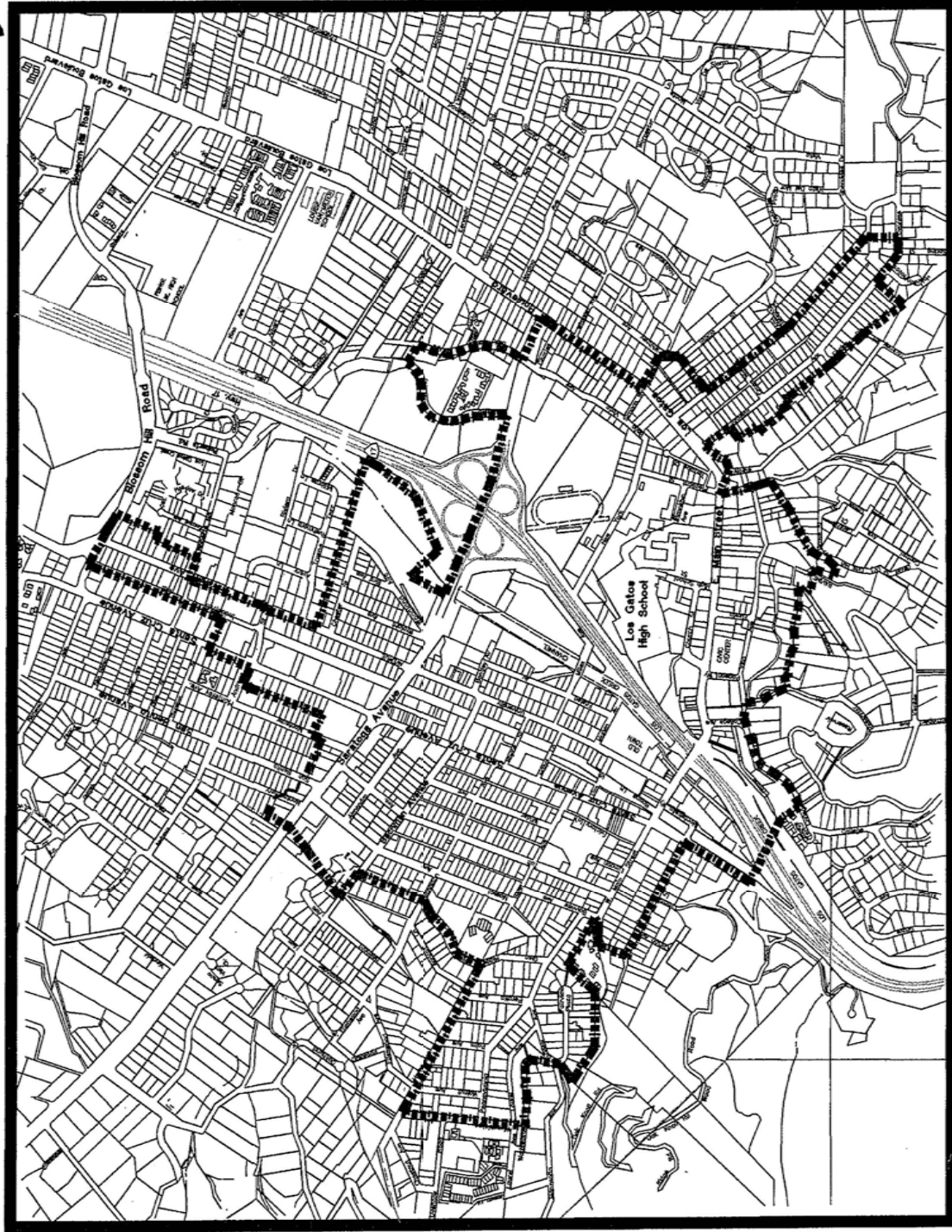
Table I-1
Summary of Existing Time and Fiscal Limits
Los Gatos Redevelopment Project Area

Background Information	
Total Acres	441
Date of Adoption	11/25/1991
Time Limits	
Incurring Debt	11/25/2011
Plan Effectiveness (Project Activities)	11/25/2031
TI Collection/Repayment of Debt	11/25/2041
Eminent Domain	12/25/2015
Financial Limits	
Tax Increment Cap	\$250 million
Bond Limit	\$52 million

Source: Los Gatos Redevelopment Agency.

Figure I-1
Boundaries of Project Area
Los Gatos Redevelopment Agency

Central Los Gatos Redevelopment Project



Scale



Los Gatos Planning
November 21, 1994
DWG: K.J. Thornton

C. Agency Accomplishments FY 2004/05–FY 2008/09

Over the past five-year period, the Agency's investments in downtown commercial revitalization, public improvements and facilities, and affordable housing have helped to improve conditions in the Project Area, as well as serve as catalysts for other non-Agency-assisted development. These activities have resulted in the alleviation of blighting conditions in the Project Area and are the foundation for the Agency's efforts for the next five years.

The Agency achieved a number of non-housing and housing projects and activities in the Project Area during the last five-year Implementation Plan period, FY 2004/05 through 2008/09, including the following:

- Street improvements along Main Street and Santa Cruz Avenue.
- Beautification of the Main Street Bridge.
- Reconstruction of the Bus Depot (South Side) and Verizon (Montebello) parking lots and installation of wayfinding markers in the Downtown commercial core.
- Street and drainage improvements in alleys throughout the Project Area.
- Completion of initial planning stages for gateway improvements on N. Santa Cruz Avenue and Wood Road.
- Support for local businesses through marketing promotion, business assistance and location assistance.
- Annual grants to the Housing Trust of Santa Clara County for increasing the supply of affordable housing in the Town of Los Gatos.
- Assistance for affordable housing development for low income seniors in partnership with Senior Housing Solutions.

II. Five-Year Redevelopment Program

This chapter describes the five-year Redevelopment Program, including the goals, project and activity descriptions, deficiencies to be corrected, and estimated revenues and expenditures. As they are implemented, the projects and activities may be modified to better serve the purposes of redevelopment. The cost estimates are preliminary and subject to refinement as redevelopment planning and implementation proceed. Some of these projects and activities may not be completed within the next five years, and thus, related costs may not be incurred in the next five years.

A. Goals and Objectives

The implementation plan provisions of the CRL require the Agency to establish goals and objectives for the Project Area for the five-year planning period. The following major goals and objectives to be pursued by the Agency are the same as those for the overall Redevelopment Program:

- The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including among others, obsolete and aged building types, substandard alleys and inadequate or deteriorated public improvements, facilities and utilities.
- The assembly of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area.
- The replanning, redesign and development of undeveloped areas, which are stagnant or improperly utilized.
- The provision of opportunities for owner and tenant participation in the revitalization of their properties.
- The strengthening of retail and other commercial functions in the downtown area.
- The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements to stimulate new commercial/light industrial expansion, employment and economic growth.
- The provision of adequate land for parking and open spaces.
- The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements, which provide unity and integrity to the entire Project Area.
- The expansion and improvement of the community's supply of low and moderate income housing.

B. Redevelopment Program for FY 2009/10–FY 2013/14

The Agency has been and will continue to undertake projects and activities to alleviate blighting conditions and attain the five-year Redevelopment Program goals. These projects and activities can be categorized into four program categories, as described below:

1. Downtown Commercial Revitalization Plan

An objective of the Redevelopment Program for FY 2009/10 through FY 2013/14 is to continue to implement the Downtown Commercial Revitalization Plan, as funds are available. Projects and activities may include the following:

- Continue to implement the Parking Management Program to make better use of existing parking, and identify new parking opportunities and methods of financing new parking facilities.
- Provide support for local businesses through marketing promotion, business assistance and location assistance.
- Implement a façade grant program.

2. Public Improvements, Facilities and Utilities

The Agency has been and will continue to repair or reconstruct damaged, inadequate or deteriorated public improvements, facilities and utilities in the Project Area through the following:

- Assist Town in the remodeling and construction of the new Police Operations Building.
- Assist Town in funding the conceptual design, entitlement, and construction of new library facility.
- Provide gateway projects at Wood Road and South Santa Cruz Avenue.
- Reconstruct deteriorated streets.
- Improve curbs, gutters and sidewalks.
- Underground utilities.
- Make Americans with Disabilities Act (ADA) accessibility improvements.

3. Affordable Housing

The Affordable Housing Program promotes residential development on vacant and underutilized sites in the Project Area and throughout the Town. Through this program, the Agency will increase, improve and preserve housing affordable to very low, low and moderate income households. Components of this program include assistance for the construction of affordable housing, acquisition of property to be developed for affordable housing, acquisition of affordability covenants, and other housing activities. The Affordable Housing Program is described in greater detail in Chapter III.

4. Agency Administration

The Agency will continue to have various administration and operational requirements associated with implementing the above projects and activities. These will include program staff, planning functions and legal and other technical assistance.

C. Linkage Between Program and Elimination of Blighting Influences

The CRL requires that the Implementation Plan provide an explanation of how the goals, objectives, programs, and expenditures for the next five years will serve to eliminate blight in a project area. The five-year Redevelopment Program will continue to improve the Project Area and alleviate remaining blighting conditions. This section describes how deficiencies will be corrected by the projects and activities proposed for the five-year period.

The Project Area was established prior to the adoption of the current blighting condition definitions, as amended by SB 1206 in 2006. As such, this section describes remaining blight in the Project Area under the blight definitions that were in effect at the time of project area adoption, as well as under current definitions.

1. Blighting Conditions in the Project Area

a. Unsafe and Unhealthy Buildings

The Project Area contains numerous public, commercial and residential buildings that do not meet current public safety codes due to lack of seismic reinforcement and age. A survey conducted in 1991 showed that 30 percent of the 1,200 buildings in the Project Area had significant deficiencies, and a minimum of 280 homes in the Project Area were constructed prior to 1900. In addition, areas exist within the Project Area that have poorly maintained commercial and residential buildings, some of which cannot be used and necessitate significant code enforcement oversight.

b. Conditions Hindering Viable Use of Buildings or Lots

The Central Business District, which forms the core of the Project Area, is primarily characterized by small lots under separate ownership. These small lots are of inadequate size to meet current retail standards. Further, the majority of businesses located in this area do not have adequate on-site parking.

The 1989 Loma Prieta earthquake caused significant damage to streets, sidewalks, water lines and storm drains. The heaviest damage in the Town occurred in the Project Area. For example, the Almond Grove neighborhood required substantial street reconstruction due to earthquake damage and age. The Project Area also contains alleys, which are inadequately paved and require drainage improvements to prevent flooding. The storm drains in the Project Area also require reconstruction to prevent flooding. In addition, the Project Area has facilities that do not comply with the ADA, creating unsafe conditions for disabled persons.

The Project Area contains irregularly shaped lots with limited access. These lots prevent viable commercial or residential uses and development opportunities.

c. Inadequate Public Improvements

The Project Area contains inadequate infrastructure resulting from deterioration and insufficient capacity. The deficiencies necessitate improvement and reconstruction of streets, sidewalks, storm drains, water lines, sewer lines, undergrounding utilities, electrical upgrades and conduit upgrades.

The Project Area also suffers from inadequate community facilities. For example, there is no performing arts center, and the library, police and neighborhood center facilities are too small to meet the needs of Project Area residents.

2. How the Agency's Proposed Goals, Objectives, Programs and Expenditures Will Eliminate Blighting Conditions

The Agency's proposed five-year goals, objectives, programs and expenditures will help eliminate the remaining blighting influences in the Project Area. The ongoing improvements of public facilities and utilities, such as the Police Operations Building and the new library building, will signal to the private sector the Town's commitment to improving the Project Area.¹ These projects will have a significant positive impact on the residents and businesses and enhance the competitiveness of the Project Area. This program makes evident the Town's continuing interest in making the Project Area a better place to live, work and conduct business.

The projects and activities that will improve the deteriorated conditions of streets, sidewalks and curbs in the Downtown will create safer and more pleasant conditions for both vehicular and pedestrian traffic. The Downtown Commercial Revitalization Plan projects and activities remove existing impediments to the development and expansion of Downtown commercial facilities. The projects and activities will also address the current lack of parking through the implementation of the Parking Management Program.

The expansion of the affordable housing program will allow the Agency to continue to provide increased affordable housing opportunities for Los Gatos residents through assistance for newly constructed units, acquisition of property for the development of affordable housing, purchase of affordability covenants, and the provision of a loan program for secondary dwelling units. The Agency's Housing Fund will be utilized throughout the Project Area and the Town. Chapter III presents the Housing Program in more detail.

D. Five-Year Implementation Plan Revenues

Over the next five years, the Agency will undertake those activities that can be financially supported by its revenue stream. The Agency's revenue sources include annual tax increment revenues, other Agency income and non-Agency financial resources.²

1. Annual Tax Increment Revenues

Tax increment revenues totaling approximately \$41.0 million generated during the five-year Implementation Plan period will be used for the Housing Fund, pass-through payments, debt service payments, Town loan repayments, and Agency administration. As shown in Table II-1,

¹ While the Police Operations Building is not located within the boundaries of the Project Area, the Agency has made a finding that this project would benefit and help alleviate blight in the Project Area.

² All historical and projected revenues and expenditures in this document are expressed in future value dollars, also referred to as nominal dollars.

the tax increment revenues that remain after the Agency has met its obligations will be used for non-housing projects and activities.³

2. Other Agency Income

The Agency receives additional revenues from interest income. Approximately \$0.3 million in other Agency income is projected during the five-year Implementation Plan period.

3. Non-Agency Financial Resources

Wherever possible, the Agency has been and will continue to leverage other funds in connection with its redevelopment efforts. The Agency has targeted local, state and federal funding sources to assist in financing eligible projects. As permitted by law, possible funding sources include government grants and assistance programs, as well as private sector sources.

To a limited extent, the Town's development impact fees generated from new development may be a source of public infrastructure and facilities funding when feasible. The Agency will also pursue funds from federal programs including CDBG and HOME funds, in addition to state and county funds.

4. Revenues Available for Non-Housing Program

As indicated on Table II-1, the Agency is projected to receive approximately \$41.0 million in gross tax increment revenues during the five-year Implementation Plan period. After deducting obligations including the Housing Fund deposits, pass-through payments, County property tax administration fee, debt service payments and other loan payments, and Agency administration costs, the Agency will have available approximately \$4.3 million in net tax increment available for non-housing expenditures during the five-year Implementation Plan period. After taking into account the Agency's year-end balance for FY 2008/09 and other Agency income, the total funds available for non-housing projects and activities over the five-year period is \$16.2 million.

³ With a continuing major budget deficit in FY 2009/10, in late July 2009 the State Legislature approved and the Governor signed into law AB 26 4x, which seeks to require that redevelopment agencies contribute a statewide total of \$1.7 billion in FY 2009/10 and an additional \$350 million in FY 2010/11 to a new ERAF-related fund (called "Supplemental ERAF" or "SERAF") to meet the State's educational funding obligations. The constitutionality of these State takeaways from redevelopment agencies is currently being challenged in court. This latest budget legislation, if held constitutional, would require the Agency to contribute to the SERAF approximately \$2.2 million in FY 2009/10 and an additional \$0.5 million in FY 2010/11. As such, the Agency's net funds for non-housing projects and activities over the Implementation Plan period would be reduced by the SERAF payment amounts.

Table II-1
Projected Revenues Available for Non-Housing Projects and Activities^a
FY 2009/10 to FY 2013/14
Los Gatos Redevelopment Agency

	Fund Balance through FY 2008/09	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013	FY 2013/2014	Total
Gross Tax Increment ^b		\$ 7,857,000	\$ 8,029,000	\$ 8,205,000	\$ 8,384,000	\$ 8,567,000	\$ 41,043,000
Less: Housing Set-Aside ^c		\$ 1,571,000	\$ 1,606,000	\$ 1,641,000	\$ 1,677,000	\$ 1,713,000	\$ 8,209,000
Tax Increment for Non-Housing Projects and Activities		\$ 6,286,000	\$ 6,424,000	\$ 6,564,000	\$ 6,708,000	\$ 6,854,000	\$ 32,835,000
Less: Pass-through Payments		\$ 3,620,000	\$ 3,698,000	\$ 3,777,000	\$ 3,870,000	\$ 3,953,000	\$ 18,918,000
Less: County Administration Fee		\$ 94,000	\$ 96,000	\$ 98,000	\$ 101,000	\$ 103,000	\$ 493,000
Less: COP Debt Service ^d		\$ 931,000	\$ 927,000	\$ 928,000	\$ 932,000	\$ 930,000	\$ 4,648,000
Less: Town Loan Repayment ^e		\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 750,000
Less: Non-Housing Agency Administration		\$ 699,000	\$ 720,000	\$ 742,000	\$ 764,000	\$ 787,000	\$ 3,713,000
Subtotal: Net Tax Increment for Non-Housing Projects and Activities		\$ 792,000	\$ 832,000	\$ 869,000	\$ 891,000	\$ 931,000	\$ 4,314,000
Additional Revenues: Other Sources ^f							
Net Funds for Non-Housing Projects and Activities		\$ 63,000	\$ 64,000	\$ 65,000	\$ 65,000	\$ 66,000	\$ 323,000
Cumulative Funds for Non-Housing Projects and Activities	\$ 11,545,000	\$ 855,000	\$ 896,000	\$ 933,000	\$ 956,000	\$ 997,000	\$ 4,637,000
		\$ 12,400,000	\$ 13,295,000	\$ 14,229,000	\$ 15,185,000	\$ 16,182,000	

a. All values are rounded to the nearest \$1,000.

b. Net of CRL Section 33676 2% elections.

c. Housing Set-Aside fund deposit equals 20 percent of gross tax increment.

d. Debt service associated with 1992 and 2002 Certificate of Participation (COP) issues.

e. Loan repayments related to Town loan to Agency for administration costs.

f. Other sources of additional revenue include proceeds from investment income.

Source: Los Gatos Redevelopment Agency, Seifel Consulting Inc.

E. Five-Year Implementation Plan Expenditures⁴

Table II-2 summarizes estimated non-housing program expenditures during the five-year Implementation Plan period. The nature and scope of the activities and expenditures have been shaped primarily by the Agency goals and objectives for the Project Area, available revenues for funding projects and activities, and blighting conditions to be eliminated within the Project Area. The projected expenditures on Agency non-housing projects and activities included in Table II-2 represent an estimate based on reasonable assumptions regarding potential tax increment revenues over the next five years and are organized by the Redevelopment Program activities.

Table II-2
Summary of Projected Five-Year Non-Housing Redevelopment Program Expenditures
FY 2009/10–FY 2013/14
Los Gatos Redevelopment Agency

Non-Housing Program Category and Project Description	Projected Agency Expenditures FY 2009/10 - FY 2013/14^a
Downtown Commercial Revitalization Plan <No Anticipated Projects>	\$0
Public Improvements, Facilities and Utilities	
Police Operations Building	\$264,000
Library Facility (COP Debt Service Payments) ^b	\$6,000,000
Almond Grove Concrete Rehabilitation	\$78,000
S. Santa Cruz/Wood Gateway	\$65,000
Subtotal	\$6,407,000
Unanticipated Opportunities (at approx. 12% of subtotal)	\$769,000
Total	\$7,176,000

a. The listed expenditures represent RDA expenditures only and may not represent the complete cost of each project.

b. Represents total debt service payments for five year period on a \$14 million COP issue.

Note: All values are rounded to the nearest \$1,000.

Source: Los Gatos Capital Improvement Program 2009-2014, Los Gatos Redevelopment Agency, E. Wagner & Associates, Inc., Seifel Consulting Inc.

⁴ All historical and projected revenues and expenditures in this document are expressed in future value dollars, also referred to as nominal dollars.

III. Housing Component

According to the CRL, the housing portion of the Implementation Plan is required to set forth housing goals and objectives for the five-year Implementation Plan period (FY 2009/10 through FY 2013/14), present estimates of Housing Fund deposits and describe potential projects and estimated expenditures planned for the five-year Implementation Plan period. The CRL also requires the housing portion to explain how the stated goals, objectives, deposits, programs, projects, and expenditures will produce affordable housing units to meet CRL obligations. In addition, an implementation plan must include the following affordable housing planning components:

- The Housing Production Plan, including the number of affordable and total housing units estimated to be produced for two time periods:
 - Ten year compliance period, and
 - Over the life of the Redevelopment Plan.
- Identification of proposed locations for replacement housing that the Agency would be required to produce if a planned project results in the destruction of existing affordable housing.
- A description of the Agency's affordable housing expenditures and activities over the previous five-year Implementation Plan period.
- The amount available in the Housing Fund, estimates of annual deposits into the Housing Fund during the five-year Implementation Plan period and the Agency's plans for using the annual deposits to the Housing Fund.
- The Affordable Housing Program, with estimates of the number of new or rehabilitated price-restricted affordable housing units to be assisted by the Housing Fund during each of the five years.
- A description of how the Affordable Housing Program will implement the Housing Fund expenditure targeting and other requirements.
- For plans that are within six years of completion of project activities, a detailed description of how the Agency will meet its affordable housing production and expenditure targeting obligations prior to termination of the plan.

Pursuant to state law, the Agency is guided by the Town's adopted and certified General Plan Housing Element. The Agency intends to implement all relevant goals, policies, strategies, and programs from the Housing Element, as generally described in this chapter.

A. Housing Production Plan and Affordable Housing Obligation

This section constitutes the Housing Production Plan for the Agency's ten-year housing compliance period and over the life of the Project Area. It includes estimates of housing production subject to the affordable housing production requirement and the Agency's strategy for meeting its affordable housing production obligation.

The Project Area was established after 1976 and is therefore subject to the affordable housing production requirement. When new dwelling units are developed in a project area by public or private entities other than the agency or when housing is substantially rehabilitated in a project area by public or private entities with agency assistance, the CRL requires that at least 15 percent

of these units be affordable to very low, low or moderate income households. Of those units, at least 40 percent must be affordable to very low income households.⁵

Units produced toward the Agency's affordable housing production obligation are also required by the CRL to have affordability covenants restricting their use to affordable housing for a specified time period. Over the life of the Redevelopment Plan, the duration requirements for affordability covenants have changed. Currently, affordability covenants are to be in place for no less than 55 years for rental units and 45 years for owner-occupied units to meet CRL housing production requirements. Units counted towards the Agency housing production obligation and regulatory agreements reflect these changes to state law.

The Agency's affordable housing production requirement must be satisfied in the aggregate for the ten-year compliance period as well as over the life of the Redevelopment Plan. Consequently, the Housing Production Plan is organized to keep track of both historical and projected housing production for the following time periods:

- Through FY 2003/04
- FY 2004/05 through FY 2013/14
- Over the life of the Redevelopment Plan

1. Historical Housing Production, Obligation and Compliance (Through FY 2003/04)

The Agency has met and exceeded its affordable housing production requirements through FY 2003/04. The Agency reports that 120 housing units were developed or substantially rehabilitated in the Project Area from the inception of the Redevelopment Plan in FY 1991/92 through FY 2003/04, as shown in Table III-1. The housing obligation, as defined by the CRL, requires that of the 120 housing units produced through FY 2003/04, 18 must be affordable units (15 percent), of which 8 units (40 percent) must be affordable to very low income households. Through FY 2003/04, 55 affordable units were developed, of which 27 were made affordable to very low income households.⁶

2. Ten-Year Production, Obligation and Compliance (FY 2004/05 through FY 2013/14)

The Agency anticipates that it will meet its affordable housing production requirement for the ten-year compliance period. As shown in Table III-1, the Agency estimates 41 housing units will be developed or substantially rehabilitated in the Project Area during the current compliance period. Based upon this forecast, the Agency will have an obligation to ensure production of

⁵ For agency-produced housing units, the CRL inclusionary housing obligation requires at least 30 percent of all new or substantially rehabilitated housing units to be available at affordable housing cost to persons and families of very low, low or moderate income. Of those units, at least 50 percent must be affordable to very low income households. This requirement applies only to units developed by an agency and does not apply to units developed by housing developers pursuant to agreements with an agency. The Agency has not directly developed housing in the past, nor does it have plans to do so in the future. Therefore, the Agency does not have an affordable housing production requirement of 30 percent with respect to agency-developed housing.

⁶ Affordable units developed inside the Project Area count on a one-for-one basis; affordable units developed outside the Project Area count on a two-for-one basis. All affordable units produced were within the Project Area boundaries.

7 affordable units, of which 3 must be affordable to very low income households. The Agency estimates that 37 housing units affordable to very low, low and moderate income households will be produced. Of these, 4 units are anticipated to be affordable to very low income households. Therefore, the Agency is expected to exceed its affordable housing production obligation during the current compliance period.

3. Production, Obligation and Compliance over the Life of the Redevelopment Plan

The Agency has evaluated the potential for future housing production in the Project Area through the end of the Redevelopment Plan. Based on historical housing development and trends in the Project Area, the Agency estimates that a total of 243 units will be constructed within the Project Area over the life of the Redevelopment Plan. Table III-1 summarizes the units projected to be produced through the end of the Redevelopment Plan.

Based on the projection of 243 housing units, the Agency will have an obligation to ensure 37 units (15 percent) are affordable to very low, low and moderate income households. Of these, 15 units (40 percent) must be available at affordable housing cost to very low income households, as shown in Table III-1.

The Agency anticipates that over the life of the Redevelopment Plan, 166 housing units affordable to very low, low and moderate income households will have been developed, and of these, 39 units will be affordable to very low income households. Thus, the Agency expects that it will meet and exceed its affordable housing production obligations over the life of the Redevelopment Plan.

4. Agency's Plan to Meet Its Affordable Housing Obligation

The Agency has supported, and plans to continue to support increasing, improving and preserving the supply of affordable housing within the Project Area. The Agency plans to meet and exceed its obligation through Agency assistance for affordable housing development, negotiated inclusionary requirements with housing developers, and affordability covenant purchases of rental and ownership housing units. Anticipated future projects will continue the Agency's compliance over the current ten-year compliance period and through the remaining life of the Redevelopment Plan.

Table III-1
Housing Production, Affordable Housing Obligation and Compliance
Los Gatos Redevelopment Agency

	Actual FY 1991/92 - FY 2003/04	Projected FY 2004/05 - FY 2013/14 ^a	Projected FY 2014/15 - FY 2031/32	Total over Life of Plan ^b	Percent
All New and Substantially Rehabilitated Units in Project Area^c					
New Units	120	41	82	243	
CRL Affordable Housing Obligation^d					
Very Low	8	3	5	15	6%
Very Low, Low and Moderate	18	7	13	37	15%
Affordable Housing Production^e					
Very Low	27	4	8	39	
Very Low, Low and Moderate	55	37	74	166	
Affordable Production Surplus (Deficit)^f					
Very Low	19	1	3	24	
Very Low, Low and Moderate	37	30	61	129	

Note: Columns may not sum across precisely due to rounding.

a. As required by CRL, total units over ten year compliance period (Section 33490(a)(2)(B)). For FY 2004/05 through FY 2008/09, housing and affordable production numbers are based on actual units constructed. Estimated production is used for the remainder of the compliance period.

b. As required by the CRL, total units over the life of the Redevelopment Plan (Section 33490(a)(2)(B)).

c. Total units produced in the Project Area during the specified time period.

d. Number of affordable units required based on units produced. Affordable housing production obligation for non-Agency developed housing requires 15% of total units to be available at affordable cost. Of those units, at least 40% must be affordable to very low income households (6% of the total units).

e. Number of units satisfying CRL affordable housing production obligation. Affordable units produced outside Project Area counted on a two for one basis.

f. Remaining affordable housing surplus or obligation at the end of the period.

Source: Los Gatos Redevelopment Agency, Seifel Consulting Inc.

B. Replacement Housing

The Agency did not have any replacement obligations during the last five-year Implementation Plan period and has no plans to destroy or remove any residential units housing low or moderate income persons. As the Agency does not expect the displacement of any households in the next ten years, it does not expect to incur an obligation to replace any units. In the event that the removal of housing were to become a necessity in the future, the Town and Agency would follow all state requirements for replacement housing and relocation, and make every effort to relocate persons as close as possible to their current place of residence.

C. Low and Moderate-Income Housing Fund

The CRL requires an agency to set aside 20 percent of its annual tax increment revenues into the Housing Fund for the purpose of increasing, improving and preserving the community's supply of affordable housing.⁷ The primary funding source for the Agency's affordable housing activities during the Implementation Plan period will be the Housing Fund.

The Agency will also seek to combine its Housing Fund revenue with other funding sources devoted to the provision of affordable housing to maximize the number of affordable units that can be developed or rehabilitated with available Housing Funds. Another potential source of local funding available for housing is the Town's Below Market Price Program In-Lieu Fee Fund. Federal funding sources include HOME Investment Partnership funds and Community Development Block Grants (CDBG). The Agency's nonprofit partnerships allow the Town to leverage local funds with other outside sources, such as the California Housing Finance Agency (CalHFA), the California Department of Housing and Community Development (HCD), the low income Housing Tax Credit program, and private investments.

The history, status and estimated future level of deposits to the Housing Fund are described below.

1. Income Levels and Affordable Housing Costs

Agencies are required to expend their Housing Fund moneys to assist very low, low and moderate income households, generally defined as:

- Very Low Incomes: Up to 50 percent of area median income, adjusted for household size;
- Low Incomes: From 50 percent up to 80 percent of area median income, adjusted for household size; and
- Moderate Incomes: From 80 percent up to 120 percent of area median income, adjusted for household size.

⁷ The CRL requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Fund moneys. As of January 1, 2002, the controls are as follows: for rental housing, the assisted housing must remain affordable for 55 years, and for owner-occupied housing, the units must remain affordable for 45 years.

Table III-2 shows the maximum income limits for each income level by household size, published in 2009 by HCD utilizing income limits prepared by the U.S. Department of Housing and Urban Development (HUD) for Santa Clara County.

Table III-2
2009 Santa Clara County Maximum Incomes
By Income Category and Household Size
Los Gatos Redevelopment Agency

Income Category	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low	\$22,300	\$25,500	\$28,650	\$31,850	\$34,400	\$36,950	\$39,500	\$42,050
Very Low	\$37,150	\$42,450	\$47,750	\$53,050	\$57,300	\$61,550	\$65,800	\$70,050
Low	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050
Median	\$73,850	\$84,400	\$94,950	\$105,500	\$113,950	\$122,400	\$130,800	\$139,250
Moderate	\$88,600	\$101,300	\$113,950	\$126,600	\$136,750	\$146,850	\$157,000	\$167,100

Source: U.S. Department of Housing and Urban Development, issued by State of California Department of HCD April 2, 2009.

Housing assisted by the Housing Fund must be available to and occupied by low and moderate income households at an affordable housing cost in accordance with the CRL. The affordable housing cost definitions presented in Table III-3 apply.

Table III-3
Affordable Housing Cost
Los Gatos Redevelopment Agency

Income Level	Rental Housing ^a		Ownership Housing	
	% Income Spent on Housing	% of Area Median Income ^b	% Income Spent on Housing	% of Area Median Income ^b
Very Low	30%	50%	30%	50%
Low	30%	60%	30% ^c	70%
Moderate	30%	110%	35% ^c	110%

a. Rental housing costs include rent and utility allowance.

b. The CRL requires HCD median income figures published by HCD, and not HUD, to be utilized. In many instances, this causes CRL-restricted rents to be lower than HOME rents and low income housing tax credit rents. In the instance a project receives Housing Fund and HOME or tax credit assistance, the owner must comply with all applicable legal requirements and the lower CRL- restricted rents will prevail. Median income and thus affordable housing costs differ based on number of persons in household.

c. With optional higher housing cost linked to actual income at upper end of income category.

Source: CRL Sections 50052.5 and 50053(b).

As an illustration, a four-person household with an annual income of less than \$84,900 (80 percent of AMI) qualifies for low income housing in the Project Area, as shown in Table III-2. The maximum rent the family would pay for their rental unit, as shown in Table III-3, would be 30 percent of 60 percent of AMI, or \$18,990 per year, including an allowance for utilities.

2. Housing Fund Revenues and Expenditures During the Previous Implementation Plan Period

The Agency has made deposits to the Housing Fund in an amount not less than 20 percent of the cumulative tax increment revenue allocated to the Agency. The Housing Fund balance is approximately \$8.4 million at the end of FY 2008/09.

CRL Section 33490(a)(2)(C)(iv) requires that agencies report the amounts of Housing Fund moneys utilized to assist units affordable to, and occupied by, extremely low-income, very low-income and low-income households during the previous Implementation Plan period. In addition, agencies must indicate the number, location and level of affordability of units newly constructed with other locally controlled governmental assistance (but without Agency assistance). Finally, agencies must also report on the amount of Housing Fund moneys utilized to assist housing units not restricted to seniors (non-age restricted housing), and the number, location, and level of affordability of those units.

During the previous Implementation Plan period the Agency spent roughly \$3.0 million from the Housing Fund to support housing for very low income households and \$0.5 million for low income households.⁸ The number, location and level of affordability of units constructed with Housing Fund assistance during the previous Implementation Period are shown in Appendix A. No affordable housing units were constructed with other (non-Agency) locally controlled governmental assistance and without Agency assistance during the previous Implementation Plan period.

Roughly \$1.5 million was spent during the previous Implementation Plan period to support non-age restricted housing, as shown in Appendix A. The number, location, and level of affordability of those units are shown in Appendix A.

3. Estimated Revenues During the Implementation Plan Period

The Agency plans to continue to deposit funds from its Project Area into the Housing Fund. Based on the Agency's projections, the Agency estimates that the cumulative deposit of tax increment revenue into the Housing Fund between FY 2009/10 and FY 2013/14 will be \$8.2 million as shown in Table III-4. After accounting for other revenues, the Agency will have approximately \$17.7 million available for its Housing Program through FY 2013/14, including the current balance in the Housing Fund as of July 1, 2009.

⁸ As income and age-restricted targeting requirements went into effect on January 1, 2002 and the first ten year compliance period begins on this date, figures reported here for the past Implementation Plan period include 2002 through the end of FY 2008/09. The Agency did not assist any extremely low income units during this period.

4. Estimated Expenditures During the Implementation Plan Period

To carry out the Agency's Affordable Housing Program described below in Section D, the Agency estimates expenditures for housing activities and housing administration costs of approximately \$17.7 million, as shown in Table III-5. Projected tax increment revenues over the next five years and the current Housing Fund balance will be sufficient to cover the Agency's planned housing expenditures during the Implementation Plan period.

The Agency plans to spend its Housing Fund as required by the CRL and as described below in Section D below. The Agency will make every effort to encourage the development of housing affordable to a variety of income levels and needs. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the Agency is confident it will be able to meet its housing expenditure obligations.

Table III-4
Projected Housing Fund Revenues Available for Housing Program
FY 2009/10 to FY 2013/14
Los Gatos Redevelopment Agency

	Fund Balance through FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	Total
Housing Fund Deposits ^a		\$ 1,571,000	\$ 1,606,000	\$ 1,641,000	\$ 1,677,000	\$ 1,713,000	\$ 8,209,000
Additional Revenues ^b		\$ 200,000	\$ 202,000	\$ 204,000	\$ 206,000	\$ 208,000	\$ 1,020,000
Funds Available for Affordable Housing Program		\$ 1,771,000	\$ 1,808,000	\$ 1,845,000	\$ 1,883,000	\$ 1,922,000	\$ 9,229,000
Cumulative	\$ 8,448,000	\$ 10,219,000	\$ 12,027,000	\$ 13,872,000	\$ 15,755,000	\$ 17,677,000	

Note: All values are rounded to the nearest \$1,000.

a. Housing Fund deposit equals 20 percent of gross tax increment to Agency.

b. Additional revenues include interest earnings.

Source: Los Gatos Redevelopment Agency, Seifel Consulting Inc.

Table III-5
Projected Housing Program Expenditures
FY 2009/10 to FY 2013/14
Los Gatos Redevelopment Agency

Project Name	Number of Units by Targeting				Housing Fund Expenditures						
	Very Low Income	Low Income	Moderate Income	Total Affordable	Age Restricted	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	Total
Ditto's Lane	4	27	0	31	0	\$5,300,000	\$0	\$0	\$0	\$0	\$5,300,000
224 W. Main Street	0	3	3	6	0	\$1,200,000	\$0	\$0	\$0	\$0	\$1,200,000
Housing Trust of Santa Clara County	TBD	TBD	TBD	TBD	TBD	\$150,000	\$0	\$0	\$0	\$0	\$150,000
Other Agency-assisted housing ^a	TBD	TBD	TBD	TBD	TBD	\$0	\$2,248,000	\$2,248,000	\$2,248,000	\$2,248,000	\$8,991,000
Subtotal	At least 4	At least 30	At least 3	At least 37	TBD	\$6,650,000	\$2,248,000	\$2,248,000	\$2,248,000	\$2,248,000	\$15,641,000
Housing Administration Costs						\$383,000	\$395,000	\$407,000	\$419,000	\$432,000	\$2,035,000
Total						\$7,033,000	\$2,643,000	\$2,654,000	\$2,667,000	\$2,679,000	\$17,676,000

Note: All values are rounded to the nearest \$1,000.

a. The Agency's remaining projected Housing Fund revenues will be used in accordance with the Los Gatos Affordable Housing Strategy (April 2009) in the categories listed in the Strategy, including Infill Development and Acquisition/Rehab of Multifamily Housing, Property Acquisition, Affordability Covenant Acquisitions in Existing and New Apartments, and Other Housing Activities.

Source: Los Gatos Redevelopment Agency, Seifel Consulting Inc.

D. Affordable Housing Program

During the five-year Implementation Plan period, the Agency will concentrate on housing activities that are most applicable to the Agency's goals and objectives in order to increase, improve and preserve the supply of affordable housing. In developing its Affordable Housing Program, the Agency has been guided by the goals, policies and programs of the Town's HCD-certified Housing Element. The Town's Housing Element is incorporated into this Implementation Plan by this reference. The goals stated in the Town's Housing Element are:⁹

- Expand the choice of housing opportunities for all economic segments of the community through a variety of housing types and sizes, including a mixture of ownership and rental housing.
- Preserve existing residential opportunities and encourage additional residential use that is compatible with the neighborhood and community.
- Preserve the existing affordable housing stock.
- Ensure that all persons have equal access to housing opportunities.
- Retain and expand affordable housing opportunities for seniors.
- Mitigate Town governmental constraints to affordable housing development.
- Encourage residential construction that promotes green building and energy conservation practices.
- Provide adequate management and staffing of affordable housing funds and programs.

The Agency is committed to creating affordable housing that assists the Town in achieving the goals presented in the Housing Element, as permitted under the CRL.

In August 2009, the Town adopted the Affordable Housing Strategy to guide the Town and Agency in the use of the Below Market Price Program's In-Lieu Fee Fund and Housing Fund revenues for affordable housing projects and activities. This Implementation Plan also incorporates the strategies and recommendations outlined in the Affordable Housing Strategy.

The Agency recognizes the important role of the Affordable Housing Program and its activities in its overall Redevelopment Program. Consequently, the proposed Affordable Housing Program should be viewed not simply as the means of implementing the Agency's stated goals and objectives related to affordable housing, but as a key element in its overall blight alleviation and revitalization efforts.

1. Proposed Affordable Housing Activities

The Agency plans to target its Housing Fund to provide affordable housing units for the changing needs of the community. The Housing Fund will be utilized in conjunction with other funding sources, such as the Town's Below Market Price Program's In-Lieu Fee Fund and state and federal funds. These various funding sources will be used to serve very low, low and moderate income households based on the community's fair share of regional housing needs as determined by the Association of Bay Area Governments and the Agency's determination and prioritization of the community's housing needs.

⁹ Town of Los Gatos Draft Housing Element Update (2009).

As presented in the Town's Affordable Housing Strategy, the Agency's proposed affordable housing activities during the Implementation Plan period may include:

- Issue Notice of Funding Availability (NOFA) for Multifamily Housing
- Create a Property Acquisition Fund
- Purchase Affordability Covenants in Existing Apartments and New Housing Developments
- Provide Zero Interest Loans for Secondary Dwelling Units
- Provide Grants to the Housing Trust of Santa Clara County

2. Affordable Housing Assisted by Housing Fund

Over the Implementation Plan period, the Agency expects to take advantage of opportunities as they arise and to initiate actions as necessary to facilitate the development of and preserve housing affordable to households whose basic needs are not being met by the private sector. All Agency actions and expenditures will be consistent with the CRL, the Town's Housing Element and the Town's Affordable Housing Strategy.

As articulated in the Affordable Housing Strategy, the Agency intends to spend a significant portion of its Housing Fund revenues by FY 2013/14. Table III-5 presents the housing units to be assisted by the Housing Fund over the Implementation Plan period. In FY 2009/10, the Agency will provide funding assistance for the development of at least 37 affordable housing units on potential development sites identified by Agency staff. The number of units that will be assisted during the other fiscal years of the Implementation Plan period are unknown at this time. The tenure mix of the new units may vary, but all units will be affordable to very low, low and moderate income families, as projected in Table III-5.

During the Implementation Plan period, the Agency has plans to invest Housing Fund money in two particular development projects located in the Project Area. The Agency has provided land acquisition assistance for Dittos Lane, a 32-unit housing development that will be affordable to very low and low income households.¹⁰ This project will demolish an existing blighted building as well as address challenging site access issues. The Agency also has plans to redevelop 224 W. Main Street as a mixed use project with six affordable housing units and a parking facility to help alleviate the parking needs of the commercial district in Downtown Los Gatos. In addition, the Agency anticipates providing a grant to the Housing Trust of Santa Clara County to use the funds to produce affordable housing in the Town of Los Gatos, as in previous years.

It should be noted that several factors may result in estimated expenditures and unit production being either less than or greater than what is projected during the Implementation Plan period and for any given year. These factors include the timing of the development process, the levels of Housing Fund revenues and availability of other public assistance, development opportunities, land availability, the cost of construction material and labor, the availability and cost of financing, neighborhood acceptance, environmental issues/concerns, and other issues.

¹⁰ This project includes 31 affordable units and one manager's unit.

3. Housing Fund Targeting Requirement

The CRL imposes Housing Fund expenditure requirements based on the proportion of unmet need for housing affordable to households of very low, low and moderate incomes. It also limits the percentage of Housing Fund expenditures that can be spent on age-restricted housing. These targeting obligations must be met over the 10-year compliance period. However, the initial period for meeting this requirement is January 1, 2002, the date the targeting requirement became effective, through the 10-year compliance period. The following sections describe in greater detail the Agency's requirements to target the Housing Fund expenditures by income need and non-age restricted housing.

a. Targeting According to Income Need

Agencies must target the use of Housing Fund moneys to specific income levels in proportion with the community's need for very low, low and moderate income housing. The regional fair share housing need allocation must be used to determine the targeting obligation. The Association of Bay Area Governments (ABAG) has determined the affordable housing need for the Town of Los Gatos in its regional fair share allocation for 2007 through 2014. Table III-6 shows the fair share allocation applicable to the Agency for housing affordable to persons at or below 120 percent of median income.

Table III-6
ABAG Regional Fair Share Allocations 2007–2014
Affordable Housing Need by Income Category
Town of Los Gatos

Income Group and Relation to County Median Income	Total Housing Units Needed	Expenditure Percentage Need by Income Level
Very Low (0-50%)	154	At least 41%
Low Income (51-80%)	100	At least 27%
Moderate (81-120%)	122	No more than 32%
Total	376	100%

Source: ABAG Final Regional Housing Needs Allocation (May 2008), Seifel Consulting Inc.

As Table III-6 indicates, the Agency is required to expend Housing Fund moneys in the following proportions: at least 41 percent for units affordable to very low income households, at least 27 percent for units affordable to low income households, and no more than 32 percent on housing affordable to moderate income households. However, the Agency is entitled to expend a disproportionate amount of the funds for very low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to housing affordable to moderate income households. In no event can the expenditures targeted to housing affordable to moderate income households exceed the threshold amount (32 percent).

b. Targeting to Non-Age Restricted Housing

In addition to the requirement outlined above, as of January 1, 2002, a defined minimum percentage of Housing Fund moneys must be spent on housing available to all persons regardless of age. This minimum was originally defined as the share of a community's population under the age of 65 compared to the total population. In Los Gatos, this was 85 percent, as 24,208 of Los Gatos' 28,592 residents were under 65 according to the 2000 U.S. Census.

In 2005, the CRL was amended to modify the method of determining the minimum percentage of Housing Fund moneys spent on non-age restricted housing. This minimum is equal to the percentage of Los Gatos's low income households with a member under age 65, as reported in the most recent US Census as compared to all low income households. The 2000 Census indicates that 58 percent of the Town's low income households have a householder under 65 years of age.¹¹ (Refer to Table III-7.) Thus, the Agency must expend at least 58 percent of its funds on housing that does not impose age restrictions on residents. This targeting obligation must be met over the compliance period.

**Table III-7
Housing Fund Expenditures Requirement
Non-Age Restricted Housing
Town of Los Gatos**

Age Targeting^a	Low Income Households^b	Expenditure Percentage
Non Age-Restricted Housing	2,216	At least 58%
Age-Restricted Housing	1,580	No more than 42%
Total	3,796	100%

a. "Non age-restricted housing" is housing that is not designated for senior housing.

b. Includes households earning 80% or less of AMI based on limits published by HCD in 2000.

Based on Census data showing household income by householder age.

Source: 2000 U.S. Census, HCD Income Limits 2000.

c. Agency Compliance with Targeting Requirements

The Agency will monitor Housing Fund expenditures in order to ensure compliance with the expenditure requirements through the end of the compliance period in 2014 based on income need levels outlined in ABAG's fair share housing allocations as well as non-age restricted housing. Tables III-8 and III-9 show that the Agency's actual and anticipated expenditures from January 1, 2002 through the end of the compliance period meet the targeting requirements of the CRL.

As Table III-8 shows, the Agency will target most of its Housing Fund money to assist in the development of very low and low income housing in the Project Area. Over the compliance period ending in 2014, the Agency will have targeted 44 percent of its Housing Fund

¹¹ The Census does not report low-income household information according to the age of household members, but rather identifies households by the age of the householder.

expenditures to assist very low income households and 36 percent to assist low income households. Thus, the Agency expects to meet the expenditure targeting requirements by income.

Table III-8
Low and Moderate-Income Housing Fund Expenditures
Targeted by Income 1/1/2002–6/30/2014
Los Gatos Redevelopment Agency

Income Targeting	1/1/2002–6/30/2009		7/1/2009–6/30/2014		Over Compliance Period		CRL Required Target
	LMIHF Expenditures ^a	Percent Targeted	LMIHF Expenditures ^b	Percent Targeted	LMIHF Expenditures	Percent Targeted	
Very Low	\$3,046,000	73.0%	\$6,568,000	37%	\$9,614,000	44%	At least 41%
Low	\$460,000	11.0%	\$7,333,000	41%	\$7,793,000	36%	At least 27%
Moderate	\$665,000	15.9%	\$3,775,000	21%	\$4,440,000	20%	No more than 32%
Total	\$4,171,000	100%	\$17,676,000	100%	\$21,847,000	100%	100%

a. Includes Agency actual expenditures as shown in Appendix A.

b. Includes Agency projected expenditures as shown in Table III-5.

Note: Numbers rounded to the nearest thousand.

Source: Los Gatos Redevelopment Agency, Seifel Consulting Inc.

As Table III-9 shows, the Agency will spend significant funds to assist the development of non-age restricted housing in the Project Area. Between July 1, 2009, and the end of the compliance period, the Agency will target the majority of its Housing Fund expenditures on housing units that are not restricted to senior households. In so doing, the Agency expects to meet the expenditure targeting requirements for non-age restricted housing.

Table III-9
Low and Moderate-Income Housing Fund Expenditures
Targeted by Non-Age Restricted Housing 1/1/2002–6/30/2014
Los Gatos Redevelopment Agency

Age Targeting	1/1/2002–6/30/2009		7/1/2009–6/30/2014		Over Compliance Period		CRL Required Target
	LMIHF Expenditures ^a	Percent Targeted	LMIHF Expenditures ^b	Percent Targeted	LMIHF Expenditures	Percent Targeted	
Age-restricted housing	\$2,642,000	63%	\$1,119,000	6%	\$3,761,000	17%	No more than 42%
Non-age restricted housing	\$1,529,000	37%	\$16,557,000	94%	\$18,086,000	83%	At least 58%
Total	\$4,171,000	100%	\$17,676,000	100%	\$21,847,000	100%	100%

a. Includes Agency actual expenditures as shown in Appendix A.

b. Includes Agency projected expenditures as shown in Table III-5.

Note: Numbers rounded to the nearest thousand.

Source: Los Gatos Redevelopment Agency, Seifel Consulting Inc.

The Agency plans to meet its income and non-age restricted housing targeting requirements from January 1, 2002 through the end of the 10-year compliance period.

E. Completion of Housing Obligations

The CRL requires that the Agency comply with and fulfill its affordable housing responsibilities, including housing fund, replacement housing, and affordable housing production responsibilities, over the 10-year compliance periods and prior to the expiration of the time limit on redevelopment plan effectiveness. A redevelopment project cannot be terminated if an agency has not complied with its affordable housing obligations. The law further requires that for a Redevelopment Project that is within six years of reaching its limit on plan effectiveness, the

Implementation Plan needs to address the ability of the agency to comply with its housing responsibilities. This FY 2009/10 through FY 2013/14 Implementation Plan is not required to address this issue because the plan effectiveness time limit will not be reached until November 25, 2031.

Appendix A:
Actual Housing Program Expenditures

Appendix Table A
Actual Housing Program Expenditures
1/1/2002 - 6/30/2009
Los Gatos Redevelopment Agency

Expenditure Description	In Project Area?	Completion Date	Number of Units Assisted for Targeting					Expenditure Targeting Distribution				
			Very Low Income	Low Income	Moderate Income	Total Affordable	Non Age Restricted	Very Low Income	Low Income	Moderate Income	Total Expenditure	Non Age Restricted
Agency Expenditures												
Habitat for Humanity	Yes	2003	1	0	0	1	1	\$310,000	\$0	\$0	\$310,000	\$310,000
Blossom Hill	No	2003	5	0	0	5	0	\$262,000	\$0	\$0	\$262,000	\$0
Anne Way	No	Future	5	0	0	5	0	\$923,000	\$0	\$0	\$923,000	\$0
224 W. Main Street	Yes	Future	0	3	3	6	6	\$0	\$75,000	\$75,000	\$150,000	\$150,000
Housing Trust of SCC Expenditures^a												
Blossom Hill ^b	No	2003						\$60,000	\$0	\$0	\$60,000	\$0
Anne Way ^b	No	Future						\$455,000	\$0	\$0	\$455,000	\$0
FTHB ^c	Varies	n/a	0	1	3	4	4	\$0	\$8,000	\$24,000	\$33,000	\$33,000
Subtotal			11	4	6	21	11	\$2,010,000	\$83,000	\$99,000	\$2,192,000	\$493,000
Agency Housing Administration Costs ^d								\$1,036,000	\$377,000	\$565,000	\$1,978,000	\$1,036,000
Total Housing Program Expenditures								\$3,046,000	\$460,000	\$665,000	\$4,171,000	\$1,529,000

Note: All values are rounded to the nearest \$1,000.

a. Expenditures made by the Housing Trust of Santa Clara County using Agency's Housing Set-aside Funds.

b. Additional funds provided by the Housing Trust in addition to the Agency's investment in those projects.

c. Expenditures made by the Housing Trust for the First Time Homebuyers program.

d. Agency's good faith estimate of housing administration costs by income level and age-restricted housing based on the distribution of units assisted during period.

Source: Los Gatos Redevelopment Agency, Town of Los Gatos Donor Report Overview to HTSCC (as of 2/11/2009), Seifel Consulting Inc.